Public Finance Management Reform: Georgia’s Path

*Breakout Session B: Managing Public Resources*

*Presented by*
NIKOLOZ GAGUA, Deputy Minister, Ministry of Finance of Georgia
<table>
<thead>
<tr>
<th>Year</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>• MTEF - Basic Data and Directions document (BDD Document) strengthened</td>
</tr>
<tr>
<td>2008</td>
<td>• GFSM 2001 Classification is Operational</td>
</tr>
</tbody>
</table>
| 2009 | • New Budget Code approved  
• Program Budget Piloted |
| 2010 | • Program Budget Piloted  
• E-Budget Designed and piloted  
• E-Procurement platform and dispute review board created |
| 2011 | • E-Budget is integrated with E-Treasury  
• Program Budget Piloted and BDD Coverage extended |
| 2012 | • Program Budget on State Budget Level Introduced  
• Reporting on LEPL revenue integrated in e-PFMS |
| 2013 | • Program Budget on Municipal Level Introduced |
| 2014 | • Organic Law on “Economic Freedom” introduced  
• Fiscal Governance Practice of Georgia and EU standards reviewed and action plan developed |
| 2015 | • All budget organizations (Including Local Government) are fully integrated in the System of Treasury Accounts and e-PFMS  
• Mid-term Action Plan Methodology developed and piloted  
• 2016 State Budget Citizen’s Guide Published |
### Public Finance Management (PFM) Reform - Achievements

<table>
<thead>
<tr>
<th>Year</th>
<th>Achievements</th>
</tr>
</thead>
</table>
| 2016 | • State Budget package expands coverage of performance related data and information  
• Mid-term costed Action Plans are introduced in all line Ministries  
• Public Investment Management (PIM) Reform - PIM Guideline and Methodology was adopted |
| 2017 | • Public Discussions on Fiscal Governance and Fiscal Discipline  
• Public Investment Management system Piloted  
• PEFA Self-Assessment prepared;  
• FTE and Fiscal Rules report prepared by IMF; Action Plan 2017-2021 prepared;  
• 2016 State Budget Annual Report extends coverage of Performance related data. |
| 2018 | • PIMA Assessment prepared (IMF);  
• MTBF – coverage of information for BDD preparation process is increased; |

- **PFM coordination Council** is operational and involves Parliament, MOF, State Audit Office, Public Procurement Agency, Civil Society and Donor organizations. The council is in charge of approving the PFM reform mid-term strategy and annual action plans and performance reports;

- **Georgia has been supported on this journey by the International Donor organizations, not only financially but also with technical expertise. This plays a vital role in the capacity-building process and in ensuring that the reforms go into the right direction.**

Similar to the Reform Roadmap, the Action Plan encompasses 6 main components:

- Policy Development and Coordination
- Human Resources Management
- Accountability
- Public Finance Management
- Service Delivery
- Local-Self Government

Public Administration Reform is coordinated by Administration of Government of Georgia through the PAR council established under the AoG of Georgia.
E-PFMS – Public Finance Management Electronic System

BUILDING EFFECTIVE, ACCOUNTABLE, AND INCLUSIVE INSTITUTIONS
EUROPE AND CENTRAL ASIA REGIONAL GOVERNANCE CONFERENCE
Open Budget Index - Georgia 2006-2017

Source: OECD CESEE SBO, May 25, 2018 “Budgets as Bridges” Insight from the Open Budget Survey 2017, By Elena Mondo, Senior Technical Advisor, IBP
Open Budget Index - Georgia 2017

Georgia ranked 5th out of 115 countries with the score 82
Results

- MTBF system strengthened;
- Longer Term Forecasting – Based on good practice of MTEF long term projection and forecasting is introduced;
- Fiscal Discipline – Existing Fiscal Rules reviewed with IMF TA support and respectfully updated;
- Public Investment Management (PIM) System – gradually implementation in all municipalities and spending units;
- Performance Based Budgeting and Program Efficiency Check System;
- Civil Engagement - Effective Instruments for Civil Engagement are in place.
THANK YOU!

Questions?
[n.gagua@mof.ge]